

**Meeting Minutes**  
**DEPARTMENT OF LABOR EMPLOYEE RETIREMENT BOARD**  
Sharpe Conference Room via Telephone Conference  
123 W. Missouri Ave., Pierre  
April 30, 2020 10:00 a.m. CDT

Chairman Riter called the meeting to order at 10:03 a.m. CDT. Jennifer Kamps called the roll. A quorum was present.

**Member via Phone:** Chairman Bob Riter, Mike O'Brien, Secretary Marcia Hultman, Commissioner Liza Clark, and James Reeve

**Present in Pierre:** Emily Ward

**Present via Phone:** David Fee, Paula Zellmer, Jacque Storm, Travis Almond, Doug Fiddler, Dennis Coull, Jennifer Kamps, Amber Mulder, Rob Stephenson, Michael de Leon, Elaine Sullivan, Nancy Stenson, Jim and Ruth Fansler, Jim Craig, Marcia Miller, Steven Stager, John Bender, Brent Bender, Dail Bender, Jane Medhaug, Betty Likness, Jim Rave

Chairman Riter called the meeting to order at 10:03 a.m. CDT. Jennifer Kamps called the roll. A quorum was present.

Mike O'Brien made a motion to approve the December 4, 2019 meeting minutes. James Reeve seconded the motion. **MOTION PASSED.**

Emily Ward, Department of Labor and Regulation (DLR) Administrative Services Director, presented the results of Senate Bill 9, the proposed merger of the Department of Labor Employee Retirement Board (ERB) plan with the South Dakota Retirement System (SDRS). DLR presented SB 9 to the Senate Retirement Laws committee on January 22, 2020. The committee voted unanimously, approving the bill for the Senate floor. The Senate voted yes for the bill unanimously on January 24. SB9 was unanimously approved by the House Retirement Laws committee on February 12. The House unanimously approved the bill on February 19. Governor Kristi Noem signed the bill on February 26. The legislation merging the ERB plan with SDRS is effective July 1, 2020.

Director Ward reviewed her work with Matt Clark from the South Dakota Investment Council and David Fee with Principal to ensure the asset investments mirror SDRS investments. Rob Stephenson notified DLR regarding \$3 million in a real estate investment account which may not be liquified by July 1. If this occurs, ownership of the account will transfer to SDRS.

DLR organized and submitted all records of the ERB plan to SDRS. After the conclusion of today's meeting, DLR will mail out a letter to Plan members notifying them of the merger and transition.

Michael de Leon from Deloitte presented the annual actuarial report. The assets exceeded plan liabilities as of July 1, 2019, by \$0.4 million based on the actuarial assumptions and methods. As of July 1, 2019, the plan assets exceeded plan liabilities by \$0.4 million. A gain of \$1.3 million was due to asset returns more favorable than expected. A loss of \$0.1 million was due to demographic changes. A gain of \$0.3 million was due to the change in mortality assumptions from RP-2014. A loss of \$1.0 million due to the change in the COLA assumption. Due to the impending merger, a COLA recommendation was not included in the presentation.

David Fee from Principal presented the Investment Advisory Report. Ending balance as of March 31, 2020 for the portfolio was \$50,926,543. Principal is working with SDRS to ensure investments continue to mirror the SDRS plan until the merger is completed on July 1, 2020. Due to the unexpected economic crisis the quarterly performance ended at -10.14%. Total portfolio year-to-date return as of March 31, 2020, was -4.44%.

Principal will continue to monitor the investments until the merger occurs on July 1, 2020 and make the July 1 payment with the 1.56% COLA based off of the SDRS approved COLA rate.

Travis Almond presented the SDRS update on the merger. SDRS reviewing the ERB plan member records and entering the information into pension records in their information system. SDRS will send out a welcome package to all ERB members after the merger occurs on July 1.

Chairman Riter asked for any questions or comments from the public. Chairman Riter and Secretary Hultman thanked the ERB members for their years of service.

Mike O'Brien made a motion to adjourn. James Reeve seconded the motion. Meeting Adjourned at 11:12 a.m. CDT.